

**ASSESSMENT OF ECONOMIC  
DEVELOPMENT, PUBLIC  
INFORMATION/  
PARTICIPATION, AND TRAINING  
OPPORTUNITIES: NOWY SĄCZ  
PUBLIC SERVICE CITY ZONE**

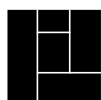
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## EXECUTIVE SUMMARY

A team of three consultants representing the Urban Institute - Ms. Pat Dusenbury (Economic Development), Mr. Robert Brosnan (Public Participation), and Mr. Michael Kammerdiener (Training) - conducted a week-long assessment of development opportunities in the Nowy Sącz region of Poland during the week of October 7-12, 1996.

Nowy Sącz is a city of some 85,000 residents and the capital of a predominantly rural Voivoidship in southeastern Poland, on the Slovak border. It also serves as one of the four regional Offices for the Voivoidship and the market center for the surrounding area. The region comprises the City of Nowy Sącz plus numerous villages and communes, all of which have been organized into 17 gminas, a local government unit created in 1989. The other 16 gminas are all much smaller than Nowy Sącz, and the region has a total population approaching 300,000. Nowy Sącz and the other communities in the region have a history of working together, a strong ethnically-based regional identity.

Economic development issues facing Nowy Sącz as Poland adjusts to a market economy are both economic and political in nature, and frequently both aspects are intertwined. At the time of the US AID Team's initial visit to Nowy Sącz, political issues were ascendant. There is a debate in Poland over an intermediate level of government - poviats - between Warsaw and the gmina. Nowy Sącz is leading a movement to create a formal and permanent regional government structure. This is taking place on an ad hoc basis already as gminas are consolidating into groups called Special Purpose Associations (there are now 144 in Poland, although only 86 are really active) to deal with a specific problem or service provision need.

The Law of Large Cities, part of a 1992 pilot program intended to test the poviat concept, gives the 46 largest cities (over 250,000 population) added responsibilities in health and education plus additional revenues, via funding formula, to finance those activities. In response to lobbying by Nowy Sącz, the law also enables Nowy Sącz to form a Public Service City Zone (PSCZ), whereby the 17 gminas come together and act as a large city. At the end of the week of the Team visit, the elected councils from the 17 gminas in the region headed by Nowy Sącz were scheduled to vote on the creation of a PSCZ. The goal for the PSCZ is to increase government efficiency and responsiveness by moving spending decisions closer to the actual service provision. Nowy Sącz officials were working hard to encourage a positive vote.

On Tuesday, the first full day of our visit, team members met with Nowy Sącz officials and the regional representative from the Ministry of Labor, toured the ethnographic museum and the newly opened waste water treatment plant. Team members, in different combinations, spent Wednesday and Thursday visiting gminas selected by Nowy Sącz officials. At each gmina, we met with the President and discussed the president's economic concerns, target industries for economic development, the factors needed for development that were (a) present and (b) not in place.

We have agreed that there are four themes which run through all three of our individual reports. We believe that these four themes should underlie any approach to economic development, public participation, and improved governmental services within the Nowy Sącz region, and we believe that these themes should inform any external assistance provided to the region.

- 1) ***Developing systems and programs which reinforce Zone identity, shared concerns, and a common vision.*** A regional approach to training, public awareness, and economic development will avoid much of the wasted effort, incoherence, and lack of coordination which have been somewhat characteristic of previous efforts involving a limited number of gminas.

- 2) ***Collaborating with local resources and building upon already-existing initiatives and infrastructure.*** Some valuable lessons have been learned from the initiatives begun by individual gminas, cooperative efforts between gminas, and Special Purpose Associations. The Academy of Economics and the National Louis University have completed extensive groundwork for the future. Making use of these resources, and building upon lessons learned, will enhance the likelihood of success in the future.
- 3) ***Reinforcing the importance of accountability and the sharing of information on the part of regional administration.*** Economic development within the region will depend upon effectively appealing to the business sector; citizen participation and involvement in decision making will depend upon an informed citizenry; improved client/customer service will depend upon an openness to feedback and a willingness to change. None of this can happen without a basic willingness on the part of regional administration to see business and the general public as partners in the process of change and improvement.
- 4) ***Approaching the entire effort with patience and the expectation that change is a long-term process.*** Any successful plan will need to have both short-term and long-term goals, with constant monitoring of progress and assessment of insights and learnings. Success will not arrive overnight. Regional leaders, business people, regional employees, citizens, consultants, and sponsors will need to have patience and staying power in order for the ultimate effort to be a positive one.

## **ECONOMIC DEVELOPMENT**

### **I. INTRODUCTION**

Information used in this section of the report was gathered in meetings with the President and Vice President, Planning Director and Economic Development (Public Works) Director of Nowy Sącz; the presidents (mayors) of the Podegrodzie, Stary Sącz, Rytro, Piwniczna, Łososina Dolna, and Korzenna gminas; the ethnographic museum administrator, the airport manager, the regional labor minister, the president of Optimus Computer company, and the research director at the Fruit Institute; and while touring new sports facilities with the President of Krynica.

Although the PSCZ failed to attain the required unanimous approval from all 17 gminas, the interviews found a broad consensus -- first about economic development issues and second in favor of a regional approach to economic development. In the past, economic development was not a function of local government. Moreover, the need to establish a relationship between government and business simply did not exist under state socialism. Local governments facing this new responsibility expressed strong support for a cooperative approach. As the regional office of the Labor Ministry noted, some things are beyond local government capacity and a regional approach might be better in supporting business.

Three areas of concern dominated the discussions with gmina presidents. All described the needs for job creation, ecology or environmental quality, and improved access to the region. Consistently, the target industries for job creation are tourism and food processing. These choices build upon regional strengths and historic experience. There is recognition of the need to both improve and protect the environment as part of an economic development strategy, and ecological concerns also were remarkably consistent in the several gminas.

Preliminary findings based upon interviews were summarized in a presentation made to the President of Nowy Sącz on Friday morning. This report expands upon that oral presentation.

### **II. ECONOMIC OVERVIEW**

The Nowy Sącz region is predominantly rural and agricultural. The local economy is based upon land resources, natural beauty and mineral springs as well as agricultural areas. The major industries are food production and processing, plus tourism. There is some railroad related economic activity in Nowy Sącz, and that City houses the headquarters of Poland's largest computer company, Optimus, which started in Nowy Sącz. Although Optimus is prospering, the larger, traditional sectors have faced difficult times since the shift to a market economy. As a result, the region is not strong economically and has had high out-migration of young people. Key economic development issues are the need to attract foreign investment, create jobs, and move from agriculture to a modern economy.

This region has high unemployment rates, the lowest average wage, and one of the lowest per capita incomes of any Voivodship in Poland. There is a large "gray" economy, and so those statistics may overstate both the income and unemployment problems. Still, there is broad agreement that the biggest economic problem here is unemployment and the related lack of economic opportunity for young people entering the job market. Young people leave for seasonal jobs in Austria and Germany and for construction jobs in Italy, France and Germany. A young man may go to work for a few years in the United States or western Europe in order to amass a nest egg, and then come home build a house, buy a car, and settle down in a lower-paying job.

The Labor Ministry reports that current private sector job openings are in small businesses, retail and wholesale operations, which do not pay as well as production and service jobs. There are job openings for skilled workers, English teachers, computer specialists, accountants, some skilled laborers like welders. Job openings are not

numerous, and one year of college graduates would fill the jobs market needs. The largest number of unemployed are young people, 70 percent are under age 40, also 70 percent are from rural villages. Most are graduates of the professional (vocational) schools.

Nowy Sącz is the commercial center of its region, and that role is expanding. The City attracts a growing interest from investors from elsewhere in Poland and from foreign countries as foreign investors are moving out of Warsaw into the countryside where there is less competition. Local consensus is that Nowy Sącz will never be an industrial city like cities in Silesia. There are neither the large sites needed by heavy industry nor a desire to attract such firms. However, there is interest in attracting light industry and assembly activities that do not pollute.

In the last decade, Nowy Sącz has implemented land use changes in order to eliminate barriers to private investors and take the role as the center of the tourism industry for the region. Changes include a streamlined a lease permit process and infrastructure improvements undertaken to improve the environment. The City has been divided into zones intended to facilitate investment, and to protect the historic center by a preservation program operated by the Voivodship curator.

Demand is strong for land zoned for economic activity such as car dealers and repair, small furniture producers. Most land belongs to private owners, and previously the strongest demand was for residential use, but builders are shifting to service and production, and so they need more land for those uses. The City is re-analyzing residential use of land, especially along entrance roads, which are being targeted for commercial and light industrial use as in Western Europe. The City indicates that it will continue to protect the visual quality of those areas. Coming developments on entrance roads include a Mercedes dealership and a GM-Opal dealership, two supermarkets, one of which will be in a shopping center. Lack of parking hurts retail activities in town, and so the City has adopted a strategy of siting large retail operations outside the center.

With over 20,000 residents, Stary Sącz is the second largest gmina in the region. Residents commute to jobs in Nowy Sącz or work in the local meat processing industry. The President of Stary Sącz reports that residents are relatively well-educated, and many have post-graduate education. It is an historic town with strong preservation ethic and was described as like living in an ethnographic museum where nothing can be changed. Krynica is also a small city. It is a tourist destination located in the Beskid Mountains.

The other gminas that were visited share a rural, agricultural character and unemployment problems. Residents have depended upon Nowy Sącz factories for jobs to supplement their farm income, and those jobs have decreased. Outside jobs are important because the farms tend to be small. Most employed Piwniczna residents work in Nowy Sącz factories and have their own small farms to feed the family. There is small scale logging, and a co-op bottles local water for sale. The Podegrodzie gmina also is primarily agricultural with small farms of about 2.3 hectares average size. Young people from Podegrodzie used to work in Nowy Sącz but lost their jobs and have come back to work the family farms, which cannot support them. The Łososina Dolna population is about half farm families, and 30 percent of the population gets its main income from apple growing. About 40 percent of fruit producers have outside jobs to supplement farm income, while others receive welfare. The average farm is small.

The largest average farm size is in Korzenna, over three hectares. Pigs and cows were the traditional products, but livestock production is now only about 40 percent of previous level. Other products are feed for livestock, potatoes, corn, fruits such as apples and black currants, and there is potential for vegetable production. Still, most farmers need an outside job to supplement the farm income, and many have lost their jobs.



Rytro is the newest, smallest, and most rural gmina in the Nowy Sącz region. It was established at the beginning of 1995. The residents are mainly farmers, and agriculture is the main industry. Produce is mostly grains and potatoes, some orchards on small individual farms. Agricultural modernization is hard work here due to the rugged terrain. Tourism supplements the agricultural economy. Rytro is in the mountains and is a base for hiking.

### **Economic Development Priorities: Target Industries**

There is strong local consensus that agriculture-related industries and tourism offer the best options for job creation.

#### *Agricultural Industries*

After World War II, land previously in large estates was distributed among local farmers. The result was farms of fewer than 5 hectares, too small to be economically viable or to support a family. Still land ownership is crucial part of local psychology. Farms are often too small for commercial operation, but people see combining farms or forming co-ops as socialistic and therefore bad. People are afraid of losing control of their land. Any effort to improve the economic viability of farming has to be aware of this issue.

Local produce is high quality, and increasing fruit and vegetable production is an economic goal in much of the region. The Fruit Institute in Podegrodzie provides technical support to local farmers, while conducting research that attracts international attention. They have developed a late-producing raspberry, Polonia, that is being licensed worldwide. The Fruit Institute is an important resource for an agricultural development strategy.

Agricultural produce is sold locally and to markets outside the region. For example, Łososina Dolna farmers sell apples, strawberries, other fruit, and vegetables such as cabbage through markets in Nowy Sącz and to wholesalers from Kraków and Katowice, who come to Łososina Dolna to buy produce, mostly strawberries. Jobbers come to the Nowy Sącz region from elsewhere in Poland and from Slovakia to buy local produce, which they transport to distant locations for further processing. During the last two years, an increasing amount of production has been sold in Czechia, Slovakia, and Western Europe through a wholesaler from Slovakia, who has bought the total production of individual farmers.

There is a local perception that agricultural produce is a buyer's market due to limited competition, and that the farmers are not getting the price they should. One farmers' co-op is being organized, but there are legal constraints and disincentives. For example, if a farmer sells his fruit, he does not pay income tax on the proceeds, but if a co-op sells the same fruit, it pays a high rate of tax on the sale. Local politicians have raised this issue with their members of Parliament, but have not succeeded in getting the law changed.

There are food processing firms already in the region. A large juice plant in Nowy Sącz buys apples and other fruit to make into juices and jams. A meat processing plant in Stary Sącz handles 1,000 pigs and 300 cows each day and sells primarily for export. However, the presidents of Korzenna and Łososina Dolna both seek a food processing facility to improve the financial position of their farmers. The products mentioned included fruit and vegetables, potatoes, feed and meal. The most specific proposal came from the President of Łososina Dolna, who described a food processing facility for fruits and vegetables that takes advantage of the local production, roads, and proposed airport expansion.

The local water is also an economic product. Water from Krynica is bottled and sold throughout the region, and in Piwniczna, a local co-op bottles water for sale. That gmina is seeking an investor to build a larger bottling facility.

### *Tourism*

The Nowy Sącz region is scenic and has several attractions that bring visitors. Major attractions include, for example, the ethnographic museum in Nowy Sącz, Lake Rożnov in the northern gminas, hiking trails in Rytro, and the sports facilities at Krynica. The complete list is much longer. Mineral waters have been the basis for tourism development around spas and springs, but that market is shrinking. Current regional tourism development focuses on attractions in three categories - historic, outdoor recreation, and agro-tourism.

### *Historic Attractions*

Initial discussions with US AID highlighted the Nowy Sącz Ethnographic Museum as a tourist attraction. Two visits to the Museum revealed an extensive collection of 18th and 19th century houses from the mountain region, furnished with historic authenticity. The museum illustrates the relatively primitive living conditions that were common in the area just several decades ago. The facility has the potential to be a commercial attraction, but has a near-total lack of commercial facilities. Despite this shortcoming and an entrance that is not easy to find, the museum director reported that in a good year, the facility attracts 30,000 visitors; 25,000 in an average year. This summer was cold and wet, and only 12,000-13,000 visitors attended. Most museum visitors are school excursions, but individuals and families also find their way there. In communist times, the local health spas brought patients here for outings, but that activity is way down.

Most years there are four shows held at the ethnographic museum, but this year there was only money for two. For the shows, crafts demonstrations, dancing and musical events are organized in several buildings at one time - in half or more buildings. The museum is open all year, but shows and demonstrations are scheduled during warmer weather. During summer months, there are guides from 10 am to 5 pm. Attendance varies with the weather, and the shows with better advertising and publicity get better responses.

Funding for the ethnographic museum comes through the Voivoidship. Additional funds comes from admissions fees. Tickets are 3 zlotys for adults, and 2 zlotys for students and seniors. It costs 10 zlotys to get a guide (exchange rate about 2.8 zlotys/dollar). There used to be a one zloty "outside" ticket that allowed people to stroll the grounds but not enter any building, but that has been discontinued. During the season, the museum employs eight guides. In addition, six experts, three administrators, ten guards, and six construction workers have jobs here.

The museum is trying to adjust to a market economy by becoming commercial. It has developed plans for the addition of several working buildings, including a water-powered sawmill, a pottery making shop, and a blacksmith shop. Some buildings are in place but not working. They want to enhance the entrance and add a commercial zone with a hotel, food, parking, and an exhibition hall. The first part of the project would be to transform some old buildings into guest houses with living conditions of their time, except with a few modern improvements like running water and flush toilets. This too is in the planning process. The land for the proposed commercial area is properly zoned, but it is in private ownership, and the owners have shown no interest in selling. Plans for this expansion are completed, but they are in Polish. The Nowy Sącz President's Office is translating them into English, but that translation is not available in time to inform this report.

The old town center of Nowy Sącz is historically interesting and attractive, and one of the most historic old centers in Poland is in Stary Sącz. Each year thousands of people come to see the old Stary Sącz center. For the last 19 years, an annual Festival of Old Music has been held in Stary Sącz. The Festival attracts artists from all over Europe who

give concerts in two old churches. Most attendees are from Poland. There are plans to establish a Folklorica group, which may tour internationally.

### *Outdoor Recreation*

The Beskid Mountains and Lake Rożnov attract visitors from all of Poland, but most come from Kraków and the industrialized areas of Upper Silesia, which are a couple hours west of Nowy Sącz. Tourism is the most important non-agricultural industry in the gminas around Nowy Sącz, and the industry is facing some difficulties due to the transition to a market economy and a cold wet summer, which kept away even those who could afford a vacation.

Łososina Dolna is one of the four northern gminas led by Gródek (three in Nowy Sącz, one out) that are cooperating to protect the water quality, ensure proper land use, and develop tourism on Lake Rożnov. The lake draws people from Kraków, Upper Silesia, and Tarnów who have cottages on its shores. There are several hotels and recreation centers owned by large industries that are reorganizing or liquidating. As a result, several are for sale. The gminas do not want to buy these facilities, but want a private investor to come in and buy them and run them well. The facilities have not started deteriorating (yet). One facility has a swimming pool and modern conveniences. The transitions places these facilities, potential resources, in an endangered status. One of the communes on Lake Rożnov leased two areas from the hydroelectric power plant for use as camp sites and is trying to provide appropriate infrastructure for the site. There is a very large private camping ground further up the Lake.

Tourism is the most important non-farm industry in Piwniczna, another of the northern gminas, but it is depressed right now. There are about 2,500 places for tourists and 100 people work there for the seasons, two months in the summer and one month in the winter. Most of the accommodations need to be improved, but they need a ski lift and a swimming pool before they need a hotel. They want to build a health center tied to their water, and the gmina is looking for an investor to build a bottling plant. The gmina has 20 hectares in the mountains that could be used for a ski facility.

Krynica has a well-established tourist industry building upon its mountain location and ski facilities. Currently, the gmina is pursuing tourism development by constructing new facilities and upgrading older ones. The most important new project is construction of a tramway with cable cars that will connect the center of town with the top of the mountain. A mid-point stop provides easy access to a resort hotel, and the in-town stop is near a hockey rink that is being enclosed. The tramway is under construction and scheduled to be complete by February 1997.

Hiking is the principal outdoor activity around Rytro, which enjoys a beautiful location by two rivers in the center of the Beskid Mountains. There are tourist trails for hiking, and people come mostly from nearby, but during holidays, from all of Poland for hiking and skiing. There is no ski lift now. It was closed after several snowless years, but there are plans to reopen it. There are about 16 hotels and hostels and campsites near the river. These along with rooms in private houses accommodate some 1,000 visitors. Most tourists come during the summer for the hiking. They have a large swimming pool - the only one around.

### *Agro-Tourism*

The more agricultural of the rural gminas do not have a big lake or a mountain range, and so they are looking to agro-tourism as their tourism development strategy. For example, Podedgrodzie wants to implement an "Apple Road" from the Fruit Institute to the gmina and to establish an ethnographic museum and a slivovitz museum. The President

envisions an international tourist market but recognizes that to attract tourists, they also need good roads, restaurants, hotels.

There are alternatives to hotel construction in these rural gminas. The President of Korzenna pointed out that although it is a poor area, people have large houses (newly expensive to heat) and could turn unused rooms into guest spaces. The tourist attractions in this gmina are more envisioned than actual. He sees a small hotel on the hillside, perhaps a riding stable at the old co-op buildings. There are natural springs and a pond now breeding mosquitoes that could become a swimming place. One of the 16 villages in the gmina attracts tourists and has the entrance to the second longest cave in Poland.

### **Economic Development Priorities: Improving Access**

The urgency of improving access to the Nowy Sącz region surfaced in most discussions. In fact, the President of Optimus indicated that the poor telecommunications and transportation infrastructure were locational disadvantages for his facility. Access to Nowy Sącz for people, goods, and information is inadequate to the requirements of a contemporary economy. Improvements are needed in road and telecommunication systems. A small local airport currently being used for recreation could, with some improvements, become an economic development asset. Across the region, individual projects address these needs, but the efforts are both uneven and uncoordinated.

#### *Telecommunications*

Several gminas have improved telecommunications infrastructure, while others seek to improve by expanding telephone service, fiber optics, direct dialing capacity, increasing the number of homes with telephone. The quality of telecommunications services varies widely. The City of Nowy Sącz has a modern system. About 480 of the 2,500 farms in Podedgrodzie have a phone, and their goal is to add 800 phones so that every other farm has one. They already have fiber optics installed and can direct-dial the US. To put this goal in proper perspective, compare it to Stary Sącz, the second-largest gmina in the region, where there are 14 phones per 100 residents.

Several telecommunications projects are planned or underway. Łososina Dolna is upgrading and hopes to have replaced the manual system by the end of 1997. The Korzenna telecommunications infrastructure will be improved soon with fiber optic cable because they found a point of leverage with the telephone monopoly. A large telecommunications co-op is being formed in an adjacent commune with Northern Telecom, which is putting in a cellular system. The Polish phone monopoly saw it as competition, and Korzenna used that card to get an improved system. Phone company paid 30 percent; European counterpart fund paid 30 percent; citizens raised 30 percent; gmina paid the last 10 percent.

In other gminas, there is just the recognition that improvements are needed. Telecommunication improvements are needed in Piwniczna, which has a manual switchboard. Rytyro also still has crank phones and wants to modernize.

#### *Roads*

Nowy Sącz and Stary Sącz are concerned about traffic, while the rural gminas want to improve roads leading to isolated housing. There was frequent mention of upcoming road improvement needs and planned projects being implemented by the national government, but what and when was not made clear. This information should be gathered on a later trip. Both Nowy Sącz and Stary Sącz want highways to bypass their town centers. In contrast, Korzenna and Rytyro presidents are concerned that roads to houses in the hills are often unpaved, but paving materials are

expensive. Road improvements needs are often linked to public safety, making rural houses accessible so that ambulances can reach everyone.

### *Airport*

Another item on the project list that relates to access is improving the small airport located in Łososina Dolna, which has been a sport airfield since 1956. This field serves the local aero club, an official member of the national aero club. The national club owns the planes and field and leases them to the local club for their use and to train young pilots, who come from all over Poland during the warm months, from April through October, to learn how to fly. There is a lot of gliding during the cooler weather, when there are good winds. The free market makes it necessary to start economic activities to support the airport. For example, shows, transport passengers (now no scheduled service, but they are looking for sightseeing tours here) pull banners, advertising, etc. The best market for the airport is tourists from Katowice who have money. There are no regularly scheduled flights, and there may or may not be a demand, but they are licensed to handle them.

The airport is next to Route 99, which is to be upgraded, and in cooperation with Nowy Sącz, Łososina Dolna put together a proposal to Warsaw to integrate upgrading the road and the airport. An improved airport would facilitate tourist traffic in and out of the region and also help business (corporate planes). The plan was submitted three years ago, and they are reviving it. They propose to modernize existing buildings and add one (a waiting room?), upgrade the safety systems, and upgrade the runways - now grass - so they can handle heavier plane. Currently they can accommodate 19 passenger planes and they want to be able to accommodate 30 passengers planes. (NOTE: A tour of the airport found nothing larger than four passenger planes - we need more information.)

This airport expansion project was highlighted in initial discussions with US AID about a partnership agreement. The proposed expansion plans are in Polish, and the Nowy Sącz assistant to the President is getting them translated into English for this project. The translated version is not yet available, and so it is not possible to comment on plan specifics. Similarly, more information is needed to assess the potential for a special economic zone near the airport to attract new industry or as a site for a food processing plant.

### **Economic Development Priorities: Environmental Issues**

Discussions with gmina officials found a high level of concern about environmental quality which is recognized as a crucial asset for future tourism industry development as well as the local quality of life. The concern focused on air quality, solid waste disposal, and water quality. The implementation of environmental infrastructure has been underway for several years, but it has been a bumpy road. Piwniczna has one wastewater treatment facility which needs modernization and another built in 1991 that has never worked. The Rytro wastewater treatment facility is too small for the sewer system. Cooperation between gminas has been project specific, not general, and environmental issues do not respect political borders. For example, Rytro reports that the river is polluted coming in from Slovakia. This commune has received a Greenworks award, indicating contact with UN environmental programs, linked to the national amphibian park.

### *Air Quality*

In this non-industrialized area, the biggest threat to air quality is home heating use of coal. The solutions are switching to gas and the use of hydro-electric power. Both are being implemented as individual projects in some of the gminas. Korzenna and Stary Sącz, for example, are on natural gas. In Rytro, the Church has hydro-electric power and

windmills to produce power. They sell the excess for \$200,000,000 old zloty/year. Stary Sącz is developing its hydro-electric resource also.

### *Solid Waste Disposal*

Another regional issue is the inadequate or distant solid waste disposal facilities. Some gminas ship their solid waste to the Katowice region for disposal; others use landfills that are not environmentally adequate. Łososina Dolna has just put trash cans along Lake Rożnov and has a long-term contract with a private firm to carry waste to Katowice. Trash pick-up will soon expand to cover about 80 percent of the villages in the gmina. Nowy Sącz has plans to construct a solid waste disposal facility, and Piwniczna plans to modernize its solid waste disposal site next year. It will serve Rytro too. Stary Sącz noted a need for a solid waste disposal site. It is not clear how far along planning for solid waste projects has proceeded. This is another area where more information is needed.

### *Water Quality*

Water quality concerns are being addressed with construction or repair of wastewater treatment facilities and among the gminas bordering Lake Rożnov, by cooperative action. Several gminas have some waste water treatment facility. The largest is Nowy Sącz, which opened its new plant a week before the first field visit. The wastewater facility construction was implemented by the City of Nowy Sącz Economic Development Bureau (Public Works), which was created a year ago to oversee infrastructure development, tracking the city infrastructure investments as well as infrastructure investments by the Voivodship and national agencies. The plant has the capacity to treat waste from the City and from several neighboring gminas. About 60 percent of Nowy Sącz is on sewer now. About 80 percent of the cost of the new wastewater treatment facility was covered by a loan from the national government, a loan that they are already applying to have turned into a grant.

Łososina Dolna and Tegoborza are seeking bids on plans for a wastewater treatment facility to serve both and hope to move forward in the spring if funds are available. Stary Sącz also recognizes the need to construct a sewer system. In the more rural areas, a centralized wastewater system would be difficult to impose on the dispersed settlement pattern and package plants would be more appropriate. For example, a small plant starting up in April, 1997 will serve Korzenna City Hall and about 100 meters around it.

Water supply is another aspect of the water quality issue. Water is supplied to the more densely populated areas; most people are on wells, and half of them experience water shortages at least some of the time. Thus, water supply is a more politically attractive project than wastewater treatment. Korzenna is constructing a water system that will serve 40 percent of the commune and is looking for more money to move the project along faster. The Piwniczna water supply is used by about 30 percent of the population; the rest of the population is dispersed in hills. Rytro has good quality water from a new supply system of five wells near or in a national park with a gravity flow to town. Other gminas are looking to develop systems.

### **Economic Development Priorities: Regional Planning**

All gminas are required to have a local land use plan in place by CY 2000 and a development strategy to guide infrastructure investment, which could be used to attract outside investment. The gminas did not mention a need for help doing their land use plans, which are completed or being prepared as required. There will be no change in the local planning function if the PSCZ is adopted. However, there was consensus that it would be preferable for the gminas to work together on certain issues. The choice of issue varied with the local priority. The areas mentioned

included economic development, historic preservation, land use, transportation, water and sewer. Right now the gminas do not cooperate in a general sense, but on specific projects. For example, there are joint efforts on gassification and telecommunications, protecting Lake Rożnow, solid waste disposal, and waste water treatment. The number of participants varies from project to project, but was never more than four gminas.

Some gmina presidents see regional cooperation primarily in terms of packaging projects and making them more attractive to outside funders. For example, Piwniczna wants help getting money for specific projects and does not seek help in developing ideas for projects. Generally speaking, however, the gminas presidents interviewed indicated that they were interested both in a regional economic development strategy and help in packaging projects. They also need help with information and data processing, cadastral maps. The issue of integration of the gminas becomes political if it proceeds beyond regional planning, project packaging, and implementation.

The experience gained preparing local land use plans lays a groundwork for the strategic planning process on a regional scale. In Nowy Sącz, the planning process included public involvement. The planning process started in 1990 to set the vision and strategic goals. Citizens were consulted on issues; studies were done of traffic flow, environment, historic resources, sociological analysis. A professional planning team designed the plan proposal based upon the studies. In 1994, the plan was put out for a month of public comment, displayed in public places and publicized in the media. They received 1230 written comments, incorporated 930 of them into the plan and let the authors of the 300 rejected suggestions know why their suggestions were not used. They finalized the plan, got special services and implementing agencies to sign it, got okay from the infrastructure commission. The second version was on public display for another month. It was adopted by the City Council and became law, going into effect in January, 1995. They are already looking to the CY 2000 plan.

### **III. RECOMMENDATIONS**

Progress is being made and projects have been proposed to deal with regional priorities -- job creation, improved access, environmental protection. But the projects are rarely coordinated between gminas, and this reduces their regional impact. Furthermore, some projects are poorly conceived, indicating a local need for technical assistance in project development. It is clear that there is a role for the Urban Institute Consortium to help with development of a regional economic development plan, including a plan for infrastructure improvements, and then help implement the plans. At the beginning, it is important to acknowledge the work that already has been done by the gminas and by the Kraków Academy of Economics. The local land use plans and the Center for Studies on Economy and Public Administration analyses provide a strong starting point for a regional strategic planning process. The conclusions of this scan and those documents appear to be complementary.

The planning process should involve more than the gminas. For example, the Labor Ministry regional office is a potential partner and resource. It will finance start-ups or loans to help business expand -- a company gets reimbursed for salary costs of new employees. The office has been co-financing major public works, but this work is ending. They are especially interested in training and adjustments to displaced workers leaving agriculture, training that would increase the graduate's chance of getting work in the future. Nowy Sącz has been receiving a relatively small share of the Voivodship budget, but the new Voivod is from there, and so that could change, especially if attractive job creation projects were proposed.

A regional development strategy would let the gminas address their shared needs from a position of greater strength and enhance the impact of individual projects. Clearly, it is desirable to begin by selecting two or three areas where

there is broad consensus, a potential for widely shared benefits from common actions, and a clear benefit from a regional approach. The obvious choice is in tourism development. No single gmina has enough attractions to be a major tourist destination, but together, the gminas in the Nowy Sącz region have the potential to put together an attractive package. Currently, there are proposed individual projects, and the four northern gminas are cooperating to improve Lake Rożnov. The goal of a regional plan would be development of complementary, not competing, projects to build a strong regional tourism package. This activity would encompass the topic of improving the ethnographic museum in Nowy Sącz, which was highlighted in initial partnership discussions.

A second candidate is a regional assessment of the food processing industry to determine if there is an economic need and a market for any additional facilities, and if so, what type of facilities. In food processing also, a regional approach would increase the impact of actions taken. If this topic is selected for further investigation, the Nowy Sącz team would benefit from the addition of an agricultural economist.

Both tourism and food processing are relatively low-wage industries. A regional job creation strategy should also look for opportunities in better paying sectors, and the presence of the Optimus factory suggests a third target industry, software development. This topic leads into the question of business climate. Until recently, government and business were not separate. Now that they are, a key issue is establishing a constructive relationship between the two. This issue is just emerging in Nowy Sącz because it has a limited industrial base. However, development will raise its importance. The regional strategic planning process offers an opportunity to get the government-business relationship off to a good start, and so business interests should be represented.

In the environmental arena, two strong candidates for a regional approach are the development of a regional solid waste disposal strategy and a regional wastewater treatment strategy. The strategy would guide development of action plans and the projects needed to implement those plans. Based upon the information gathered in the initial field visit, it appears that a single solid waste disposal facility could serve the Nowy Sącz region. In contrast, the dispersed settlement pattern and low population density in most of the region suggests that another large facility waste water facility probably does not make sense. However, a regional plan could indicate the appropriate location for smaller facilities and "package plants" or septic systems.

Regarding improving access to the region, the airport offers an opportunity for a regional approach. It appears that the proposed improvements, while modest, would increase its utility for both tourism and business uses. However, this option cannot be evaluated without getting a translation of the plan for improvements. In addition, there are on-going projects to upgrade telecommunications systems and to improve highway access. These projects would benefit from coordination, which could be achieved within the context of a regional strategic planning process. The gminas have expressed frustration about dealings with the telephone company, and working together might give them the leverage needed to open doors.



## **PUBLIC INFORMATION/PARTICIPATION**

### **I. INTRODUCTION**

The goal of our team's effort was to meet with and interview key people involved in leadership and decision-making in the Nowy Sącz region to assess the region's needs in three areas: economic development, public information/participation, and training. The goal of my particular assignment was to provide immediate help to the Mayor of Nowy Sącz in preparing for the PSCZ vote that was scheduled for Friday and to develop a long range program to develop an overall public participation and education program. This report will summarize my impressions of the city and region and its needs, and present recommendations regarding potential future long term technical assistance. Overall, the question we now face is whether there should be any ongoing technical assistance if the zone is not approved, or should the timetable be changed to correspond to the next attempt to get approval of the zone.

### **II. BACKGROUND**

I was charged, as a member of a three person team, to visit the Nowy Sącz region of Poland to assist on the tasks described above. We were met in Warsaw by Wojciech Brochwicz-Lewiński of Sanders International who accompanied us throughout the trip. We visited with DAI in their Warsaw offices for a briefing of their activities in the region and for general background. We then proceeded to Nowy Sącz by train by way of Kraków. We were met in Kraków by Stanisław Alwasiak, who was an assistant to the Deputy Mayor of Nowy Sącz. "Stan" became our guide for the week. He briefed us about Nowy Sącz and the PSCZ during the van trip to Nowy Sącz and prepared us for a dinner with the Mayor and Deputy Mayor that evening.

The balance of the week was spent visiting and meeting with the presidents of 8 of the 17 gminas (Nowy Sącz, Stary Sącz, Podedgrodzie, Rytro, Piwniczna, Łososina Dolna, Krynica, Korzenna) to discuss their issues, needs and thoughts about the PSCZ. This was a useful exercise in getting to know the region, its strengths, challenges and history. We met with key staff in Nowy Sącz and met with the Mayor and Deputy Mayor on several occasions. We also met with representatives of the business community, the Minister of Culture, the Fruit Institute, and managers of the airport and the Ethnographic Museum, as well as touring the newly opened wastewater treatment plant. On Friday morning we briefed the Mayor and Deputy Mayor on our preliminary findings and he seemed quite pleased. The balance of that day as spent with the Town Councils from the 17 gminas as they debated the pending PSCZ vote. Unfortunately, at the time of my departure, 2 of the gminas had voted against the proposal.

### **III. FINDINGS**

The Nowy Sącz region apparently has a long tradition of progressiveness and of taking risks. This appeared to be a quite well deserved reputation. The communities in the region have a history of working together and have a strong regional ethnic identity. Each one of the gminas we visited had a good idea of its issues and opportunities. Each also had begun to address its issues with the resources it had available. In some cases, strong, entrepreneurial mayors had managed to achieve more than in other gminas. Several issues quickly became apparent. The first issue is that resources are scarce. The second issue is that there is a lack of regional cooperation to achieve a unified vision or a set of strategic goals linked to a common vision for the region. Most governments in this region, as well as other

government officials I've met from Poland, are always looking for private investors. Finally, most thought that the central government was not particularly responsive or accountable to the region.

This region suffers from a high level of unemployment and low paying jobs. In terms of goals for the region, some thought that the region could be a tourist destination. Others thought that the region should focus on food processing. Both of these do not pay high wages. Still others thought that the region should focus on attracting other types of "clean" businesses. Little thought had been given to how to achieve any of these and to which infrastructure improvements would be the most critical to assist in achieving the goals. As a result, one gmina was focusing on improvements to the airport. Another has made a deal to upgrade the telecommunications infrastructure. Some of the gminas, but not all, had participated in advertising tourist attractions. Others had put sewage treatment facilities in place while others were focusing on water treatment, gasification and solid waste disposal. There just was not a unified effort and as a result, all the work was resulting in little overall achievement toward any particular goal.

From my week of interviews I would say that the strengths of this region are:

- History of independence and taking initiative
- Excellent natural beauty
- Variety of outdoor activities
- Apparently good farming country
- Some strong leaders
- Proximity to markets in the Czech Republic, Hungary and Austria
- Proximity of educational institutions in Nowy Sącz and Kraków
- Mineral springs
- The Beskid Mountains
- Lake Rożnov

I would say that the weaknesses are:

- Poor road and transportation system
- Lack of a coordinated approach to solving issues or marketing strengths
- Poor telecommunications infrastructure
- Lack of ability to work with citizens to develop support of consensus

It is my opinion that in order to achieve long term success from both an economic development perspective as well as a governmental structure perspective, (assuming the regional government approach of the PSCZ is approved) there is need to provide technical assistance to the government in the following areas:

- Teaching the new government how to effectively share with the citizens of the region the benefits of the PSCZ, and in turn, obtaining their support for the idea and its implementation.
- Ensuring that the PSCZ organization is such that sharing information is a key component, especially in the development of technology.
- Learning to share information with the citizens of the PSCZ so that they may assist in making decisions and balancing priorities, and in turn, be supportive of the government's efforts and decisions.
- Facilitating citizen participation processes to develop a regional consensus on a vision for the future of the region (not 17 visions but 1) and facilitating community discussion to arrive at a consensus of two or three strategic efforts to move the region toward the vision. This could be a similar effort to that recommended in the "Training" section to use focus groups to discuss service enhancement. This training could also include negotiation skills.
- Developing a model for how to effectively plan and facilitate citizen participation processes and case studies which can be shared with local officials, to train them on the key concepts and skills, based upon which they can then become the local experts/consultants.

#### **IV. DISCUSSION**

Communication by a government is extremely important. In fact, it is one of the hallmarks of a democracy. In order to be a democracy all business should be conducted openly so that citizens can know what is going on. It is also useful because it raises a multiple number of issues, concerns and opinions which are all then available to assist decision-makers. This is one reason why the Constitution of the United States includes such freedoms as: freedom of speech; freedom of the press; and, freedom of assembly. Also, it is well known that many of the most successful politicians, decision-makers and key administrators are successful because they are able to effectively communicate their ideas and desires with external constituencies, and are able to gain support for their ideas.

Communications external to an organization have a range of purposes, each with its own set of mechanisms and needed skills. In general, external communications can range from withholding information to using information in an attempt to persuade one of your view. As I will briefly discuss below, this closely parallels the citizen participation range of purposes. Obviously, there is some sensitive information which needs to be protected from requests for release. In the United States, certain categories of information are protected from Freedom of Information requests. However, most information should be shared and be readily available to the public. The first level of sharing involves releasing general information through the press or media. It is not two-way communication but does serve certain purposes. The range continues through more detailed information sharing, to education through information sharing, to attempts of persuasion. The accompanying mechanisms range from press conferences and speeches to massive advertising campaigns. Ultimately, any organization should have internal abilities to develop and release its own information to ensure quality and content of the message.

Effective citizen participation can not only include the sharing of information, but can also build support, identify solutions or actions which are both technically feasible and politically acceptable, lead to a better overall atmosphere of trust, and lead to more consistent decisions. When used effectively, it can also impart a sense of stability to businesses, which rely on the government and its decision-making ability in order to determine where it will make investments. It also allows the public a better opportunity to understand what the elected leadership is attempting to achieve and can gain their buy-in to help to reach those achievements. Effective participation leads to:

- developing trust and an improved attitude, which in turn leads to cooperation
- support
- a spirit of cooperation and good will
- avoids protracted delays and costs

Citizen participation is most effectively used to:

- define problems
- improve communication with citizens
- establish priorities
- share information

- identify a range of options or goals
- reach consensus on a vision

There is also a wide range of citizen participation purposes, ranging from strictly providing information to a full public/private partnership. The mechanisms used to achieve the purpose vary all along the range. At one end of the range is the provision of information with a hope that it assists in gaining support for a future action. This typically involves the distribution of brochures, developing information displays, etc. This is not particularly interactive but could be useful in terms of building support for the PSCZ for example. The next level involves more serious public education. Mechanisms which facilitate this include: press conferences; press releases; newsletters; and, newspaper articles. The purpose is to share information and to gain input for an upcoming decision. To be effective, this must be done well in advance of the event or decision. At the other end of the range are more interactive techniques. These would be aimed at two-way communication. The interactive approach is used to have citizens assist in identifying goals or approaches to problem-solving. There are two alternatives to more interactive participation; the first being interactive decision-making and the second being more of an ongoing partnership. The first typically involves a series of visioning sessions or meetings, focused on narrowing options down to a few. The second typically involves ongoing committees such as a Planning Commission. One primary difference is that in a public/private partnership, there is an ongoing advisory role and at times, there may be some delegation of decision-making responsibility. The necessary training and skill development could span the entire range, or focus on one or more individual areas.

In meeting with the Planning Director, I received a good description of their community process. In updating their land use plans, Nowy Sącz involved citizens. The professionals, in some level of consultation with citizens, developed a draft plan and put in public places for comment. They received over 1200 written comments and incorporated about 900 of them into the plan. It was not clear to me, however, how well they worked with citizens and businesses to help set priorities, design possible solutions, build support for recommendations, etc. In other words, was it interactive and did it involve good communication?

What is good government? I would argue that it is one which provides responsive, effective and efficient services for the citizens and which promotes fair treatment. It generally results from an informed citizenry, tuned-in elected officials and good dedicated employees all working together. Therefore, it is clear to me, that in establishing the PSCZ and the new organization associated with it, that communication, sharing information, and working with citizens will be extremely important skills to have.

The skills necessary to be effective at these include:

- Knowledge of the role of public involvement
- An understanding of group dynamics
- An understanding of involvement techniques
- Knowledge of meeting facilitation
- Knowledge of conflict resolution techniques
- Ability to listen

- Ability to condense what is said and summarize it in simple terms
- Ability to gain people's trust
- Negotiation skills

These should be considered in developing the overall training program for the new PSCZ employees.

## **V. RECOMMENDATIONS**

Based on this background, the key recommendations and technical assistance for Nowy Sącz should address the following:

1. **There is a need to develop a mechanism or process for sharing information about the zone and its benefits with the citizens and institutions, and in turn, hoping for their support.** It is important for the local officials to understand that this support will be essential to the long term success of the project. Also, if one of the goals of creating the new level of government is to create support for, and independent decisions about, the economic future of the region, there must be uniform support for the government and its activities, (businesses and institutions will demand this in order to invest) and sharing information is essential to this. This could be achieved by working with Nowy Sącz officials to brainstorm the benefits of the PSCZ and to develop a simple yet effective presentation summarizing the benefits. A process could then be developed to share with citizens and businesses throughout the region. This would mean that key officials would have to develop a program which would identify the goals of the PSCZ, its benefits to the citizens, and a description, in clear, concise language, of what the officials hope it achieves. It could set forth the history of the effort and describe the next steps so that interested citizens could get involved. This program should then be brought to convenient places throughout the region. While I believe that the staff in the Nowy Sącz region could do this, a specific model to follow could be developed. It would identify: the key components of the program; how the necessary information could be most effectively presented; the best mechanisms for notifying citizens of the meetings; and, suggestions for how to operate the meetings.
2. **In follow-up to our presentation to the Mayor of Nowy Sącz, technical assistance should be provided to carefully plan technology so that all gminas share common software to best be able to share information quickly.** Several gminas have acquired technology but there is no coordinated effort to make sure that it is compatible. Technical assistance could be provided by someone like Optimus or the Academy of Economics in Kraków, to ensure that there is maximum compatibility across the region so that information sharing and communication abilities can be effectively shared. Something along the lines of a Local Area Network would be a good model. Another idea worth exploring would be to develop information kiosks or centers throughout the region. These could be located in each town hall and would include a computer linked to the main system. Citizens or customers could use these to access information, schedules on other information.

This assistance could also focus on the need to develop effective information dissemination mechanisms. In the US, newspapers, posters, flyers, newsletters, and television are used to share information, provide important news, provide information about meetings, to disseminate responses, etc. It is important that if there are any differences of opinion, it be over interpretation of information, not the lack of providing it.

Mechanisms for sharing information and obtaining input include:

- town meetings
- call-in radio shows
- call-in TV shows
- press conferences
- news releases
- newsletters

Mechanism for notifying citizens of meetings include:

- newspaper ads
- well-placed newspaper articles (need to work with newspapers to gain their confidence and support - the sharing of information on a regular and early basis will often help one gain their trust and then they will be more willing to write about things)
- placards and posters
- radio ads/TV ads
- newsletters

As recommended in the "Training" report, information and communication will also be important elements of enhanced customer service. At the University of Virginia's Center for Public Service, they refer to the importance of operating the administration of a democracy in a democratic way. This involves an open sharing of information, including staff in decision-making processes, and providing feedback. The ultimate success of this new level of government will depend on how successfully existing paradigms are broken, both in terms of external services to citizens and in terms of the employees commitment to high quality service. The employees attitudes will be affected by how the organization is administered and the overall morale of the employees. The "Training" section of this report contains suggestions about training for the employees as well as structural suggestions. One simple mechanism to gauge both the customers' desires as well as their views about the quality of services would be a customer survey. A formal process to respond to their views and comments would be critical to the success of this approach.

Finally, the quality and consistency of information and communication is important. It is important to recognize that in developing the organization for the new zone, a single point of contact for press releases and press inquiries is necessary.

3. **Technical assistance should also be provided to train staff how to work with citizens in the gminas, in advertised town meetings, to listen to issues of the citizens and develop a mechanism to respond to the concerns raised.** The answers can be that we don't know or are working on it etc. but responding is important. One issue that I have heard is the lack of responsiveness and accountability of the central government through the voiewodship. This government needs to be organized and have as a primary goal, to be responsive and accountable to those whom it serves. Another understanding that is needed is that to gain trust of this new government it is important for the government to build a constructive working relationship with the community. This is achieved by sharing information, seeking and listening to input, and responding, even when the answer may be "no". They need to understand that the most effective communication is face-to-face. Therefore, getting out and meeting with people and sharing information is essential and the best way to share and understand problems and to develop responsive solutions.

This training could also focus on learning to utilize the meetings to help rank priorities, get input for key decisions, etc. This element of the training would focus on utilizing necessary skills to facilitate the meetings toward an agreed set of tasks. The key to this is learning facilitation skills, learning how to design the meeting around desired outcomes, and learning how to effectively present important information necessary to achieving the desired outcomes.

4. **In the US we also use meetings, with the help of facilitators, to develop a vision for a region and to build consensus on necessary steps to achieve that vision.** This involves providing information about an area's advantages and disadvantages, its opportunities, the issues it's facing, and other important information, and then to have the citizens describe some of their visions/desires for the future of the region. This requires an ability to be an effective recorder by capturing all the information so that people see they're being listened to. It also requires skills to be able to graphically capture the ideas. After the meeting, staff can develop some common themes based on the citizens' input, as well as the professional staff's views of the future of the region. These can then be brought back to a second meeting, presented and discussed. It is important that they be short, clear and understandable. Utilizing voting techniques, one or two consensus visions can then be approved. The same process can be used to design strategies and key goals to assist in achieving the vision.

A training package for these could be developed which could include:

- background and training materials on citizen participation techniques and conflict resolution
- background material on task force management
- case studies
- step-by-step how to on citizen participation

This could either be transmitted as a package or a trainer could work with a core group for a week, working through the how-to stuff, reviewing the case materials and practicing. They could also brainstorm mechanisms that would work in Poland. The result would be a clear manual for Nowy Sącz, but one which could also be used elsewhere. After the initial training, either the Nowy Sącz staff, or some other group (University etc.) could become the experts and trainers for other regions.

While I did not interview anyone at the Academy of Economics in Kraków, I understand that they have initiated several activities in regard to training. In my opinion, they should become the central focus for training so that they can gain the capacity to become a resource for this effort as well as for future efforts. It is critical for the eventual success of this new Zone that a Polish expert be developed which can provide long-term assistance and which can then assist in other regions. The Academy of Economics has developed the following programs:

- to develop a modern, integrated computer network
- training in communication skills and stress management

Other recommendations contained in this section of the report could easily become their responsibility as well; or at least they could become the Polish partner.





## **TRAINING**

### **I. INTRODUCTION**

The primary focus of my activities in Nowy Sącz was to identify critical issues with regard to training employees who will be relocated from the National Government to the Public Service City Zone (PSCZ). In particular, I concentrated on conducting an assessment of current conditions - prevailing attitudes and competencies of management and employees, workplace functioning, training programs already being delivered or planned - and doing some initial thinking about the opportunities for a long term training program.

My observations and recommendations are based upon conversations and interviews with the following individuals and groups:

- Mr. Marek Wójcik, Research Centre for Public Economy and Administration, Kraków Academy of Economics, architect of the proposed organization plan for the PSCZ;
- Mr. Stanisław Mazur, Executive Director, Research Centre for Public Economy and Administration, Academy of Economics;
- Mr. Andrzej Czerwiński, President, City of Nowy Sącz;
- Mr. Borusiewicz, Vice-President, City of Nowy Sącz;
- Ms. Alina Strzelec, National Louis University, Nowy Sącz;
- Ms. Elżbieta Stanisław, Director, Nowy Sącz College;
- Mr. Tabaka, Vice-Director, Regional Office
- Six Supervisors/Vice-Supervisors, Branches of the Regional Office
- Officials within the Land Use and Transport Branches of the Regional Office

I also had the opportunity to tour both the newly opened waste water treatment plant and the ethnographic museum within the City of Nowy Sącz, and to visit the ski resort and hockey rink construction sites in Krynica.

It is clear that the Research Center for Public Economy and Administration of the Kraków Academy of Economics has already invested tremendous time and effort in identifying training needs for the new Zone, developing training programs and plans, and initiating delivery of the first phase of training. Academy of Economics faculty have begun delivering courses in five specific areas: Law, Improving Efficiency, Information and Promotion of a Self-Governing Economy, Computer Technology, and a special course for representatives to the Zone Assembly. This first phase of training is scheduled to be completed by January, 1997. A second phase of training, still in development, is tentatively slated to run from January/February to July/August, 1997.

Certain assumptions are inherent in the proposed training program for the Nowy Sącz PSCZ:

- 1) Any successful training strategy in the PSCZ will necessarily have a long-term focus, probably at least five-ten years. The recommendations which follow would involve organizational culture changes which run counter to the past in many ways.
- 2) Local resources should be identified and utilized in the design, delivery, and evaluation of training and organization development efforts to the maximum extent possible. Doing so takes advantage of initiatives already begun by the Academy of Economics and the National Louis University; it also ensures a measure of cultural relevance, as well as reinforcing local capacity to continue such efforts after external expertise and financial resources have been withdrawn.
- 3) External resources should be utilized to fill in the gaps where local resources cannot effectively provide training, as well as to provide an "outside-the-box" perspective and a challenge to traditional ways of thinking and acting. External resources will ideally collaborate, rather than compete, with local resources.
- 4) The proposal is based purely upon identified needs and opportunities, with no consideration for budget and/or time constraints.
- 5) The proposal represents an initial, broad-brush survey suggesting only the initial direction for such a training program. Among the next steps are a more in-depth needs analysis and study of individual offices and jobs, local visits to all gminas, and development of a strategy for coordinating the various training inputs (financial, technical, expertise).

In addition to the tremendous opportunities for training and organization development in the Nowy Sącz PSCZ, there are challenges:

- 1) "What's the incentive for change on the part of Zone leadership and employees? Why do people in Poland choose to change?" These are important strategic questions to keep in mind. Mr. Mazur suggests, for example, that convincing the hospital administrator to make use of an organization development consultant might initially be a matter of "force". For Zone employees and Poles in general, he suggested that "people observe/adjust to the trend of the general public, the environment, external conditions...Good qualification is necessary to have a job, I need to improve my work or I could lose my job...In an age of change/training courses, it's human nature to behave as others are behaving."
- 2) The traditional attitude of the public official towards clients is that the official has power, and therefore the client is dependent upon him/her. There is very little perception that the official's role is to be helpful and friendly towards the client. Most officials would subscribe to the notion that the client "should be happy because s/he was positively served," no matter the degree of frustration with the process.
- 3) Officials in Poland see themselves primarily as administrators of the law, and in fact there are severe sanctions (fines, loss of job) for rendering a decision which is illegal. As a result, it is extremely difficult to move officials to the point of considering that there might be a different way of organizing the work -the response is almost always, "You don't understand - we are required to follow the law." It will be a challenge to help officials see the distinction between the task

(administering the law) and the process (how the client is served). Part of this reluctance to take initiative and think "outside the box" may well be a function of the historical legacy - the safe thing in the past was to do what one was told, to keep one's head down, certainly never to stray from one's instructions.

4) Finding local examples of effective service to the client, to use as a basis for change, will be extremely challenging, but also interesting. I believe that such examples probably do exist.

5) Ensuring universal participation in training programs is the most effective way of ensuring that everyone is on board with new initiatives. Currently, training is being delivered on weekends and attendance is voluntary, because the Labor Code requires that employees be paid their salaries if they attend training during working hours. I have the strong impression that in Poland, training in general is considered an unpaid activity. The second objection raised to training during working hours is office coverage. As with most dilemmas, I believe that those involved can generate some effective creative solutions.

6) Patience. Do all the stakeholders - Zone leadership, employees, the Urban Institute, USAID, and others - have the patience to wait for the slow process of fundamental change to unfold?

It will be important to keep within sight the ultimate aim of such a training program, so eloquently stated by Mr. Wójcik:

"To prepare employees to work in new conditions - their functioning will completely change, as will their interrelationships. More importantly, to prepare people to be more creative - to identify with their work, to be open to new situations, to accelerate development and progress. This is the last moment for this region to tip the balance -- otherwise, there will be extremes of rich and poor.

"The new situation will require a change in attitude to the client and the way they (employees) treat them. Employees must be aware that decentralization will be tough work - they must make decisions themselves, stop being anonymous and irresponsible, stop responding "I don't know...Go somewhere else..."

## **II. RECOMMENDATIONS**

Recommendations for a long-term training design for the PSCZ are divided into six areas:

- A. Computer Training
- B. Service to the Client
- C. Management/Supervisory Skills
- D. English Language
- E. Organization Development Consultation
- F. Community Leadership Training
- G. Delivery Strategies

### **A. Computer Training**

Computers and computer technology have become basic tools of the modern-day workplace. In this light, it becomes clear that computer training will be a fundamental need for the newly-formed PSCZ. None of the offices I observed was completely computerized; most offices had a least one or two computers that were in use. Mr. Mazur reports that in one instance, he asked an official why she was not using a computer that was on her desk, and she replied, "Because I don't know how to operate it."

There is a great deal of enthusiasm within the Nowy Sącz region for purchasing computer equipment and software. The team strongly encouraged Nowy Sącz officials take the initial action of identifying computer network experts who could organize a system based upon needs of the Zone prior to investing in hardware and software. Short-term patience will yield tremendous benefits in employee satisfaction, productivity, and cost-effectiveness in the long term.

The Academy of Economics has already proposed "that a modern computer system should be organized, designed in accordance with the specific requirements and needs of the employees and inhabitants of the Zone, and adequate for the present as well as future tasks. Such a system will provide support for administration and management, decision-making processes and information management." The Academy of Economics goes on to suggest four stages in organizing the system: 1) Preliminary analysis; 2) Design and modelling of the system; 3) Programming of the system; and 4) Verification and implementation of the system.

The Academy of Economics is scheduled to deliver a basic computer training module this autumn, and has proposed more advanced follow-up training in CY 1997. They also offer specialists from their Computer Science Department who have practical experience in designing network systems for entities such as the PSCZ. As well, Mr. Czerwiński notes that the City of Nowy Sącz employs an individual capable of crafting network computer systems.

I believe that installing a computer network for the Zone and providing subsequent computer training for all Zone employees should be the first training priority. Strategically, doing so has the following advantages:

- Establishing a computer network by which all Zone employees can communicate easily and quickly with each other will have a unifying effect for the new Zone, and will enhance the ability of the gminas to fashion a regional approach to economic development and public participation;
- Computer training is a practical, visible response to perceived and stated needs of Zone employees and leadership;
- Computerizing Zone functions will necessarily improve the delivery of services within the Zone, providing quick initial successes for both employees and clients;
- Such a visible and practical change in the way the work is done may reduce resistance and increase openness to changing the organizational culture with regard to quality/continuous improvement, efficiency, personal responsibility, and service to the client.

Implementation of the computer training program should include identification of particularly talented users who can be developed as internal consultants and trainers for Zone employees.

One final strategic consideration - the style of implementation, of both the network itself and the subsequent training program, should reflect as closely as possible the underlying values of the larger organizational culture change we are attempting to pursue. In other words, involve employees in the process as much as possible, listen to their input, create a system that gives them what they want and encourages them to see opportunities for doing more with the system than they had originally envisioned.

## **B. Management/Supervisory Skills Training**

A new approach to efficiency, client service, and responsibility on the part Zone employees will require a new approach to management on the part of Directors, Vice-Directors, and first-line Supervisors. The purpose of a management/supervisory skills training initiative would be to develop attitudes and competencies which reinforce empowerment/motivation, creative problem solving, and superior client service on the part of employees. Performance management - job descriptions, goal setting, monitoring and feedback, and regular performance evaluation - is also a key area for development. Very few employees to whom I spoke had any past experience of any of these.

The Academy of Economics is already providing training specific to public administration and the law in Poland, as well as some training in communication skills and stress management. Among the next steps would be a more in-depth analysis of training and development needs for the management levels of the Zone. A safe place to start, though, would be with topics included in any Intro to Supervision course:

- Communication Skills
- Problem Solving/Decision Making
- Motivating and Empowering Employees
- Performance Management
- Leadership
- Service to the Client

- Strategic Planning
- Quality/Continuous Improvement
- Conflict Management

In the same way that a functioning computer network within the Zone would serve to provide unity and identity, a mandatory Supervisory Skills course would provide a base of common knowledge and experience out of which all Zone managers could operate.

### **C. Service to the Client**

There is almost universal agreement, amongst Zone leadership and the general public, that service to the client needs to be improved. The attitude of the typical official (public servant) towards the client might be summed up by one official who remarked, "If they get what they came for, they should be happy. They should have nothing to complain about." Many officials and managers expressed a need for stress management training to learn how to deal with "aggressive" clients; when asked if aggressive clients ever have a legitimate reason to be angry, the response was almost universal: "If they understood the laws, they would understand why we have to make the decisions we make." In other words, no.

The purpose of "Service to the Client" training (what in the United States is called Customer Service) is two-fold: To change the prevailing attitude of Zone employees toward the clients and to change the prevailing attitude of clients toward the government. This training could focus upon such issues as...

- Asking, "Who is the client?" (Internal clients, the general public, the business/investment community);
- Dealing effectively and productively with aggressive, angry, dissatisfied clients;
- Establishing systems which seek to proactively serve clients, anticipate problems, and create solutions which avoid the client dissatisfaction in the first place;
- Generating client feedback on performance;

- Enhancing negotiation skills, especially in creating win-win solutions which both benefit the business/investment community and protect the public interest;
- Presenting a professional, "cultured" face to the public and to official visitors and guests.

One key to making Service to the Client training effective will be to look for "local" examples -public sector departments within Poland that have a reputation for efficiency and effectiveness, and private sector Polish concerns known for providing outstanding quality and customer service. This will apparently be a challenging task -- Mr. Mazur professed to know of no such public sector example, despite the Academy's tremendous research base, nor could he easily identify examples in the private sector. As an alternative, other Central/Eastern European countries whose public sectors are experiencing a similar transition and/or international firms and joint ventures might provide informative case studies.

#### **D. English Language Training**

Zone leadership has identified foreign language skills training, and in particular English language training, as an essential component in economic development. Basic English language skills on the part of Zone employees will at the very least make interactions with international tourists more comfortable and less frustrating. On a larger scale, English language ability may encourage foreign investment by making negotiations easier.

Conversation with Ms. Stanis, Director of Nowy Sącz College, confirmed that the college would be interested in developing a proposal for both managing such a program and for providing the faculty. The Director indicated that advance notice would be required in order for the college to locate sufficient teachers. Nowy Sącz College is a part of the public school system, and as such, Ms. Stanis seems to be more accustomed to receiving budget authority from the education administration than to pursuing opportunities in an entrepreneurial fashion. Thus, some initial coaching on crafting a proposal would probably be beneficial.

#### **E. Organization Development Consultations**

In addition to formal training courses to be attended by Zone employees, targeted consultations to individual departments and bureaus will enhance the transition. Among the possibilities:

- Consultations to those referats (offices) having the most direct and frequent contact with the general public, to create enhanced customer service orientations.
- Direct assistance to organizations known to be inefficient, e.g. the Nowy Sącz hospital with an employee-patient ratio of 6-1 (employee-patient ratio is apparently an indicator of efficiency). Providing an expert in hospital administration to work with the director of the hospital to improve operations could be one such intervention.
- Assistance throughout the Zone in establishing performance management systems - job descriptions, performance criteria, goal setting, monitoring, and performance appraisals.
- Process consultation to individual units, where desired.

#### **F. Community Leadership Training**



Mr. Wójcik considers the development of young, dynamic local community leaders to be an important factor in the eventual success of the PSCZ. In fact, he believes that creating the Zone itself might serve as an inspiration for creating social institutions, economic associations, and informal networks for dealing with issues of concern. Ideally, these groups and leaders would be proactive in organizing and addressing problems and opportunities, rather than saying, "We don't have money...We're waiting for reforms from the central government."

Among the possible sources of leadership and inspiration might be students, banks meeting around the Zone, an Agency for Economic Development to serve as an incubator of ideas and resources, an Association of Guides.

A community leadership training program could provide the opportunity to present case studies of similar groups, give leaders an opportunity to share experiences and ideas, and offer expert advice from community organizers.

Community leadership training might also incorporate recommendations from the Public Information/Participation section describing training programs in facilitating public meetings, garnering participation, problem solving and decision-making methods, and conflict resolution strategies. These topics would also be useful for a retreat for members of the new regional council.

## **G. Training Delivery Strategies**

It is important to be sensitive to the local culture and realistic about the possibilities for change, but at the same time one must not be afraid to introduce new concepts and approaches simply because they are new.

- Identify a Training & Organization Development Coordinator to manage the design and delivery of the training/consultation program. This individual will probably need to maintain a fairly steady presence in the region, especially in the early stages of the development effort. This function might also be carried out by a two-person team, one member Polish and local, the other non-Polish and external.
- Use local resources - Academy of Economics, Nowy Sącz College, National Louis University - when local resources are best-suited to provide the expertise (e.g. Polish administrative law), and/or have already identified needs and strategies for meeting those needs without external expertise (computer network and computer training).
- Use external resources where local expertise does not exist, or where local experts have requested assistance, or where there is clear value in introducing new ideas and paradigms (e.g. performance management, customer service).
- Organize conferences with regional/national presenters on issues of concern to Zone employees.
- Conferences designed to explore one issue/topic. The Academy of Economics uses such conferences to create data, generate problem solutions, and involve citizens and leadership in the process. Conference topics might include "Business-Government Cooperation", "Building Public Awareness and Participation", or any other worthwhile subject.

- "Future Search" or visioning workshops, in which all the stakeholders in a particular endeavor, e.g. Drivers License Registration, come together to explore ways of improving the process.
- Schedule training courses and conferences in various locations throughout the Zone, again with an eye towards promoting a "Zone identity".
- Schedule training courses and conferences during the working day. The Academy of Economics is currently delivering its training courses on weekends. The courses are optional, unpaid, and Mr. Mazur estimates attendance at 70-80 percent. Any effective, long-range training initiative will have to find a way to ensure universal attendance.
- Establish and Training/Organization Development Coordinator position within the Zone -- an individual who is responsible for coordinating the various training/organization development initiatives, monitoring progress, and evaluating results.